

IV. REMARKS

A new set of drawings is enclosed, wherein Fig. 1 is labeled as "Prior Art" as requested by the Examiner. It is therefore submitted that the drawings are no longer objectionable.

Section heading have been added to the specification. Thus it is no longer objectionable.

The new claims do not recited "substantially" and the language relating to more than one boundary has been amended as suggested by the Examiner.

The independent claims all recite that the modified pixel value is available for use in filtering and/or prediction of a subsequent pixel. This is done to achieve the present goal of reducing artifacts. As the Examiner correctly states, Nishi is for increased coding efficiency. Since it is for a different problem than that solved by the present invention, it cannot be properly combined with Andrew to solve the problem of artifacts, which is solved by the present invention. Hence all claims are unobvious.

For all of the foregoing reasons, it is respectfully submitted that all of the claims now present in the application are clearly novel and patentable over the prior art of record, and are in proper form for allowance. Accordingly, favorable reconsideration and allowance is respectfully requested. Should any unresolved issues remain, the Examiner is invited to call Applicants' attorney at the telephone number indicated below.

A check in the amount of \$1762.00 is enclosed for a 3 month extension of time and additional claim fees. The Commissioner is hereby authorized to charge payment for any fees associated with

this communication or credit any over payment to Deposit Account
No. 16-1350.

Respectfully submitted,



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Aug 25, 2004
Date

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CERTIFICATE OF MAILING

I hereby certify that this correspondence is being deposited with the United States Postal Service on the date indicated below as first class mail in an envelope addressed to the Mail Stop Amendment, Commissioner of Patents, P.O. Box 1450, Alexandria, VA 22313-1450.

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8/25/04

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